
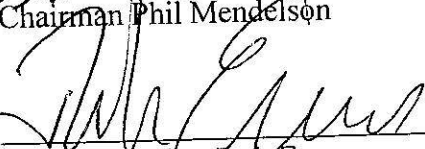


1 
2 Chairman Phil Mendelson


Councilmember Muriel Bowser

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6 Councilmember Jack Evans
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10 A BILL
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14
15 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
16

17 Councilmember Muriel Bowser introduced the following bill, which was referred to the
18 Committee on _____
19

20 To amend The Policemen and Firemen's Retirement and Disability Act to permit
21 nontaxable distributions to be directly rolled over tax-free to another qualified plan or a 403(b)
22 plan, to permit rollovers to Roth IRAs, to allow non spouse beneficiaries to roll over
23 distributions to an IRA, to amend the definition of an "eligible rollover distribution" to include a
24 distribution to a non-spouse beneficiary, to require rollover notice be distributed within 30 to 180
25 days and describe tax consequences of failure to defer, to amend the applicable interest rate and
26 mortality table to be used for determining the present value of lump-sum distributions, to update
27 mortality table to be used in calculating the minimum value of operational forms of benefit in
28 adjusting benefits and limits for purposes of applying 415 limits, to allow survivors of a
29 participant who died while performing qualified military service to receive death benefits as if
30 the participant had been in active service, to treat differential wage payments to participants for
31 serving in the armed forces as compensation for retirement purposes, , to state that pre-tax
32 employee contributions are picked-up by the employer, to state that the vesting requirements
33 under pre-ERISA are satisfied, , to require actuarial assumptions used to determine benefits
34 preclude employer discretion, to require benefit payments satisfy the minimum distribution rules,
35 to permit make-up contributions and benefits as required under the Uniformed Services
36 Employment and Reemployment Rights Act, to require that an alternate payee under a qualified
37 domestic relations order (QDRO) is taxed in the same manner as a participant, to include a
38 failsafe provision regarding the tax qualification of the Act, to limit benefits and contributions as
39 required under the tax code, to state that compensation taken into account in determining
40 contributions and benefits is subject to annual limits, and to state that funds cannot revert to the
41 employer except in limited circumstances.
42

43 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this

44 act may be cited as the "Police and Firefighter's Retirement and Disability Omnibus Act of

1 2012”.

2 Sec. 2. The Policemen and Firemen’s Retirement and Disability Act, approved September
3 1, 1916 (39 Stat. 718; D.C. Official Code § 5-701, *et seq.*), is amended as follows:

4 (a) Section 12(c)(b)(2) (D.C. Official Code § 5-704(b)(2)), is amended to read as follows:

5 “(b)(2) Nothing in this subchapter shall affect the rights of members to retired pay,
6 pension, or compensation in addition to the annuity herein provided. Notwithstanding any other
7 provision to the contrary, contributions, benefits, and service credit with respect to qualified
8 military service will be provided in accordance with section 414(u) of the Internal Revenue Code
9 of 1986.”.

10 (b) Section 12(d) (D.C. Official Code § 5-706), is amended as follows:

11 (1) Subsection (a) is amended to read as follows:“(a) On and after the first day of the first
12 pay period that begins on or after October 26, 1970, there shall be deducted and withheld from
13 each member’s basic salary an amount equal to 7% of such basic salary for all members hired
14 before the first day of the first pay period that begins after October 29, 1996, and 8% of such
15 basic salary for all members hired on or after the first day of the first pay period that begins after
16 October 29, 1996. In the case of a member who is an officer or member of the Metropolitan
17 Police force or the Fire Department of the District of Columbia, these deductions and
18 withholdings shall be paid to the District of Columbia Retirement Board and shall be deposited
19 in the District of Columbia Police Officers and Fire Fighters’ Retirement Fund established by
20 section 122(a) of the District of Columbia Retirement Reform Act, effective November 17, 1979
21 (93 Stat. 866; D.C. Official Code § 1-712;) and in the case of any other member, these
22 deductions and withholdings shall be paid to the Collector of Taxes of the District of Columbia,
23 and shall be deposited in the Treasury to the credit of the District of Columbia. Amounts

deducted and withheld from the basic salary of each member of the District of Columbia Fire and Medical Services Department shall be:

(1) Picked up by the District of Columbia Fire and Emergency Medical Services Department, as described in section 414(h)(2) of the Internal Revenue Code;

(2) Deducted and withheld from the annual salary of the members as salary reduction contributions;

(3) Paid by the District of Columbia Fire and Emergency Medical Services Department to the Custodian of Retirement Funds (as defined in section 102(6) of the District of Columbia Retirement Reform Act, effective November 17, 1979 (93 Stat. 866; D.C. Official Code § 1-702(6)); and

(4) Made a part of the member's annuity benefit."

(2) Subsection (e) is amended to read as follows:“(e) Any individual withdrawing any distribution under this section, which distribution constitutes an eligible rollover distribution within the meaning of section 402(c) of the Internal Revenue Code of 1986, as amended, may elect, at the time and in the manner prescribed by the District of Columbia Retirement Board, and after receipt of proper notice, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan, within the meaning of section 402(c) of the Internal Revenue Code of 1986, in a direct rollover in accordance with section 401(a)(31) of the Internal Revenue Code. For purposes of this chapter, the following definitions apply: (1) An “eligible rollover distribution” within the meaning of section 402(c) of the Internal Revenue Code is any distribution of all or any portion of the balance to the credit of the distributee; provided, that an eligible rollover distribution does not include:

1 (A) any distribution that is one of a series of substantially equal periodic
2 payments (not less frequently than annually) made for the life (or life expectancy) of the
3 distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's
4 designated beneficiary, or for a specified period of 10 years or more;

5 (B) A distribution to the extent such distribution is required under section
6 401(a)(9) of the Internal Revenue Code; and

7 (C) A distribution to a non-spouse beneficiary under section 401(f)(2)(A)
8 of the Internal Revenue Code. A portion of the distribution shall not fail to be an eligible
9 rollover distribution merely because the portion consists of after-tax employee contributions
10 which are not includible in gross income. However, such portion may be paid only to an
11 individual retirement account or annuity described in section 408(a) or (b) of the Internal
12 Revenue Code of 1986 or to a qualified trust or annuity plan described in section 401(a) or
13 403(a) of the Internal Revenue Code or an annuity contract described in section 403(b) of the
14 Internal Revenue Code if such trust or annuity plan or contract provides for separate accounting
15 for amounts so transferred (and earnings thereon), including separately accounting for the
16 portion of such distribution that is includible in gross income and the portion of such distribution
17 that is not so includible. (2) An "eligible retirement plan" means:

18 (A) An individual retirement account described in section 408(a) of the
19 Internal Revenue Code, including a Roth IRA described in section 408A of the Internal Revenue
20 Code;

21 (B) An individual retirement annuity described in section 408(b) of the
22 Internal Revenue Code, including a Roth IRA described in section 408A of the Internal Revenue
23 Code;

1 (C) A qualified trust described in section 401(a) of the Internal Revenue
2 Code or an annuity plan described in section 403(a) of the Internal Revenue Code that accepts
3 the distributee's eligible rollover distribution;

4 (D) An annuity contract described in section 403(b) of the Internal
5 Revenue Code that accepts the distributee's eligible rollover distribution; and

6 (E) An eligible plan described in section 457(b) of the Internal Revenue
7 Code that is maintained by a state, political subdivision of a state, or any agency or
8 instrumentality of a state or political subdivision of a state that accepts the distributee's eligible
9 rollover distribution and agrees to account separately for amounts transferred into such plan from
10 the arrangement described under this subchapter. The definition of eligible retirement plan shall
11 also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who
12 is the alternate payee under a domestic relations order. (3) A "distributee" means a member

13 or former member. In addition, the member's or former member's surviving spouse is a
14 distributee with regard to the interest of the spouse or former spouse. (4) A "direct rollover"
15 means a payment to the eligible retirement plan specified by the distributee described in section
16 402(e)(6) of the Internal Revenue Code.

17 (5) A non-spouse beneficiary of a deceased member is also a distributee for the purposes
18 of this section, provided, that in the case of a non-spouse beneficiary, the direct rollover may be
19 made only to an individual retirement account or annuity under section 408 of the Internal
20 Revenue Code that is established on behalf of the non-spouse beneficiary and that will be treated
21 as an inherited IRA pursuant to the provisions of section 402(c)(11) of the Internal Revenue
22 Code. The determination of the extent to which a distribution to a non-spouse beneficiary is
23 required under section 401(a)(9) of the Internal Revenue Code shall be made in accordance with

1 IRS Notice 2007-7, Q&A 17 and 18, 2007-5 I.R.B. 395.”

2 (3) Subsection (g)(1) is amended to read as follows:

3 “(g)(1) The District of Columbia Retirement Board shall also be entrusted with any
4 rollover contribution from an eligible retirement plan, including:”

5 (A) A qualified plan described in section 401(a) or 403(b) of the Internal Revenue
6 Code of 1986, as amended, excluding after-tax employee contributions;

7 (B) An annuity contract described in section 403(b) of the Internal Revenue Code
8 of 1986, as amended, excluding after-tax employee contributions;

9 (C) An eligible plan under section 457(b) of the Internal Revenue Code of 1986,
10 as amended, which is maintained by a state, political subdivision of a state, or
11 any agency or instrumentality of a state or political subdivision of a state; or

12 (D) Amounts transferred from an individual retirement account or annuity
13 described in section 408(a) or 408(b) of the Internal Revenue Code of 1986,
14 as amended, that is eligible to be rolled over and would otherwise be
15 includible in gross income.

16 (4) Subsection (h) is amended to read as follows:

17 “(h) The provisions of this chapter shall constitute a defined benefit plan and a
18 governmental plan as described in section 414(d) of the Internal Revenue Code, which is
19 intended to qualify under section 401(a) of the Internal Revenue Code. Notwithstanding
20 anything to the contrary contained in this chapter or in Division I, Title 1, chapters 7 and 9, the
21 provisions of this chapter shall apply to and control the provision of any annuity payable. The
22 District of Columbia Retirement Board shall administer the plan in the manner required to satisfy
23 the applicable qualification requirements for a qualified governmental plan pursuant to the

1 Internal Revenue Code of 1986, as amended. If a conflict should arise with a qualification
2 requirement, the provision shall be interpreted in favor of maintaining the federal qualification
3 requirements.”.

4 (5) A new subsection (j) is added to read as follows:

5 “(j) Effective as of January 1, 2007, any benefits payable under this chapter shall not be
6 paid until at least 30 days (or shorter period as may be permitted by law) but not more than 180
7 days after a member’s receipt of all required distribution notices and election forms pursuant to
8 section 402(f) of the Internal Revenue Code of 1986. The required notices must include a
9 description of the member’s right (if any) to defer receipt of a distribution, the consequences of
10 failing to defer receipt of the distribution, the relative value of optional forms of benefit, and
11 other information as may be required by applicable regulations and guidance.”.

12 (6) A new subsection (k) is added to read as follows:

13 “(k) Notwithstanding anything contained herein to the contrary, upon the employer’s
14 request, a contribution which was made by a mistake of fact shall be returned to the employer by
15 the trustee within one year after the payment of the contribution. A portion of a contribution
16 returned pursuant to this section shall be adjusted to reflect any earnings or gains.
17 Notwithstanding anything contained herein to the contrary, the right or claim of any participant
18 or beneficiary to any asset of the trust or any benefit under this chapter shall be subject to and
19 limited by the provisions of this provision.”.

20 (c) Section 12(h) (D.C. Official Code § 5-712), is amended as follows:

21 (1) A new subsection (h) is added to read as follows:

22 “(h) A member who meets the requirements for receiving an annuity under this section,

1 but for the fact that the member has not yet retired, shall be 100% vested in the member's
2 annuity.”.

3 (2) A new subsection (i) is added to read as follows:

4 “(i) Each year, the District of Columbia Retirement Board shall set the applicable interest
5 rate, mortality table, and cost of living factor to be used in the determination of actuarial
6 equivalents or for other pertinent benefit calculations under the provisions of this chapter.”.

7 (d) Section 12(k) (D.C. Official Code § 5-716), is amended by adding new a subsection
8 (g) to read as follows:

9 “(g) In the event any member to whom this section applies shall die subsequent to
10 January 1, 2007, while performing qualified military service, the survivor or survivors of such
11 member shall be entitled to receive any additional benefits provided under this section (other
12 than benefit accruals relating to the period of qualified military service) as if the member
13 resumed employment and then terminated employment on account of death. For the purposes of
14 this section, the term “qualified military service” shall mean any military service in the
15 uniformed services (as defined in Chapter 43 of Title 38 of the United States Code) by a
16 member, if such member is entitled to reemployment rights with respect to such military service,
17 all within the meaning of section 414(u)(5) of the Internal Revenue Code.”.

18 (e) Section 12(n-1) (D.C. Official Code § 5-723.01) is amended to read as follows:“(a)
19 Benefits and contributions under the provisions of this subchapter shall not be computed with
20 reference to any compensation that exceeds that maximum dollar amount permitted by section
21 401(a)(17) of the Internal Revenue Code of 1986, as adjusted for the cost-of-living.(b)
22 Notwithstanding the foregoing provisions of this subchapter to the contrary, benefits under this
23 subchapter are subject to the limitations imposed by section 415 of the Internal Revenue Code, as

1 adjusted from time to time and, to that end, effective for limitation years beginning on or after
2 January 1, 2008:

3 (1) To the extent necessary to prevent disqualification under section 415 of the
4 Internal Revenue Code, and subject to the remainder of this subsection, the maximum
5 monthly benefit to which any member may be entitled in any limitation year with respect
6 to his or her accrued retirement benefit, as adjusted from time to time pursuant to section
7 12(m) of an Act (39 Stat. 718; D.C. Official Code § 5-718) (the "maximum benefit"),
8 shall not exceed the defined benefit dollar limit (adjusted as provided in this subsection).

9 In addition to the foregoing, to the extent necessary to prevent disqualification under
10 section 415 of the Internal Revenue Code, and subject to the remainder of this subsection,
11 the maximum annual additions for any limitation year shall be equal to the lesser of:

12 (A) The Dollar Limit on annual additions; or

13 (B) One hundred percent of the member's Remuneration. The defined

14 benefit dollar limit and the Dollar Limit on annual additions shall be adjusted, effective January
15 1 of each year, under section 415(d) of the Internal Revenue Code in such manner as the
16 Secretary of the Treasury shall prescribe. The dollar limit as adjusted under section 415(d) of the
17 Internal Revenue Code shall apply to limitation years ending with or within the calendar year for
18 which the adjustment applies, but a member's benefits shall not reflect the adjusted limit prior to
19 January 1 of that calendar year. To the extent that the monthly benefit payable to a member who
20 has reached his or her termination date is limited by the application of this subsection, such limit
21 shall be adjusted to reflect any subsequent adjustments made in accordance with section 415(d)
22 of the Internal Revenue Code, but the adjusted limit shall apply only to benefits payable on or
23 after January 1 of the calendar year for which the adjustment applies.

1 (2) Benefits shall be actuarially adjusted based upon the defined benefit dollar
2 limit, as follows:

3 (A) There shall be an adjustment for benefits payable in a form other than
4 a straight life annuity as follows:

5 (i) If a monthly benefit is payable in a form other than a straight
6 life annuity, before applying the defined benefit dollar limit, the benefit shall be
7 adjusted in the manner described in subsection (b)(2)(A)(ii) or (iii) of this section,
8 to the actuarially equivalent straight life annuity that begins at the same time. No
9 actuarial adjustment to the benefit shall be made for:

10 (I) Benefits that are not directly related to retirement
11 benefits (such as a qualified disability benefit, preretirement incidental
12 death benefits, and postretirement medical benefits); or

13 (II) In the case of a form of benefit not subject to section
14 417(e)(3) of the Internal Revenue Code, the inclusion of a feature under which a benefit
15 increases automatically to the extent permitted to reflect cost-of-living adjustments and the
16 increase, if any, in the defined benefit dollar limit under section 415(d) of the Internal Revenue
17 Code.

18 (ii) If the benefit of a member is paid in a form not subject to
19 section 417(e) of the Internal Revenue Code, the actuarially equivalent straight
20 life annuity (without regard to cost-of-living adjustments described in this
21 subsection) is equal to the greater of:

1
2 (I) the annual amount of the straight life annuity (if any)
3 payable to the member commencing at the same time; or

4 (II) The annual amount of the straight life annuity
5 commencing at the same time that has the same actuarial present value as the
6 member's form of benefit, computed using a 5% interest rate and the applicable
7 mortality designated by the Secretary of the Treasury from time to time pursuant
8 to section 417(e)(3) of the Internal Revenue Code.

9 (iii) If the benefit of a member is paid in a form subject to section
10 417(e) of the Internal Revenue Code, the actuarially equivalent straight life
11 annuity is equal to the greatest of:

12 (I) The annual amount of the straight life annuity having a
13 commencement date that has the same actuarial present value as the member's
14 form of benefit, computed using the interest rate and mortality table (or other
15 tabular factor) specified in the definition of actuarial equivalent for adjusting
16 benefits in the same form;

17 (II) The annual amount of the straight life annuity
18 commencing at the time that has the same actuarial present value as the member's
19 form of benefit, computed using a 5.5% interest rate assumption and the
20 applicable mortality table designated by the Secretary of the Treasury from time
21 to time pursuant to section 417(e)(3) of the Internal Revenue Code; or

22 (III) The annual amount of the straight life annuity
23 commencing at the same time that has the same actuarial present value as the

1 member's form of benefit, computed using the applicable interest rate and the
2 applicable mortality table designated by the Secretary of the Treasury from time
3 to time pursuant to section 417(e)(3) of the Internal Revenue Code, divided by
4 1.05.

5 (iv) For the purposes of subsection (b)(2)(A) of this section),
6 whether a form of benefit is subject to section 417(e) of the Internal Revenue
7 Code is determined without regard to the status of this subchapter as a
8 governmental plan as described in section 414(d) of the Internal Revenue Code.

9 (B) There shall be an adjustment to benefits that commence before age 62
10 or after age 65 as follows:

11 (i) If the benefit of a member begins prior to age 62, the
12 defined benefit dollar limit applicable to the member at the earlier age shall be an
13 annual benefit payable in the form a straight life annuity beginning at the earlier
14 age that is the actuarial equivalent of the defined benefit dollar limit applicable to
15 the member at age 62 (adjusted for participation of fewer than 10 years if
16 applicable) computed using a 5% interest rate and the applicable mortality table
17 designated by the Secretary of the Treasury from time to time pursuant to section
18 417(e)(3) of the Internal Revenue Code. However, if the benefit provided under
19 this chapter provides an immediately commencing straight life annuity payable at
20 both age 62 and the age of benefit commencement, the defined benefit dollar limit
21 is the lesser of:

22 (I) The limitation determined under the immediately
23 preceding sentence; or

1 (II) The defined benefit dollar limit (adjusted for
2 participation of fewer than 10 years if applicable) multiplied by the
3 ratio of the annual amount of the immediately commencing
4 straight life annuity under this chapter at the age of benefit
5 commencement to the annual amount of the immediately
6 commencing straight life annuity under this chapter at age 62, both
7 determined without applying the limitations of this section. The
8 adjustment in subsection (b)(2)(B)(i) of this section shall not apply
9 as a result of benefits paid on account of Disability under section
10 12(f) or 12(g) of an Act (39 Stat. 718; D.C. Official Code § 5-709
11 or § 5-710) or as a result of the death of a member under section
12 12(k) of an Act (39 Stat. 718; D.C. Official Code § 5-716).

13 (ii) If the benefit of a member begins after age 65, the defined
14 benefit dollar limit applicable to the member at the later age is the annual benefit
15 payable in the form of a straight life annuity beginning at the later age that is
16 actuarially equivalent to the defined benefit dollar limit applicable at age 65
17 (adjusted for participation of fewer than 10 years, if applicable) computed using a
18 5% interest rate assumption and the applicable mortality table designated by the
19 Secretary of the Treasury from time to time pursuant to section 417(e)(3) of the
20 Internal Revenue Code. However, if the benefit provided under this chapter
21 provides an immediately commencing straight life annuity payable at both age 65
22 and the age of benefit commencement, the defined benefit dollar limit is the lesser
23 of:

1 (I) The limitation determined under the immediately
2 preceding sentence; or

3 (II) The defined benefit dollar limit (adjusted for
4 participation of less than 10 years if applicable) multiplied by the ratio of the
5 annual amount of the adjusted immediately commencing straight life annuity
6 under this chapter at the age of benefit commencement to the annual amount of
7 the adjusted immediately commencing straight life annuity under this chapter at
8 age 65, both determined without applying the limitations of this section. For this
9 purpose, the adjusted immediately commencing straight life annuity under this
10 subchapter at the age the benefit commences is the annual amount of such annuity
11 payable to the member, computed disregarding the member's accruals after age
12 65 but including any actuarial adjustments, even if those actuarial adjustments are
13 used to offset accruals; and the adjusted immediately commencing straight life
14 annuity under this chapter at age 65 is the annual amount of such annuity that
15 would be payable under this subchapter to a hypothetical member who is age 65
16 and has the same annuity as the member.

17 (iii) For purposes of subsection (b)(2) of this section, no
18 adjustment shall be made to the defined benefit dollar limit to reflect the
19 probability of a member's death between the commencing date and age 62, or
20 between age 65 and the commencing date, as applicable, if benefits are not
21 forfeited upon the death of the member prior to the annuity having a commencing
22 date. To the extent benefits are forfeited upon death before the date the benefits
23 first commence, such an adjustment shall be made. For this purpose, no forfeiture

1 shall be treated as occurring upon the member's death if the benefit provided
2 under this subchapter does not charge the member for providing a qualified
3 preretirement survivor annuity (as defined for purposes of section 415 of the
4 Internal Revenue Code) upon the member's death.

5 (3) If the member has fewer than 10 years of participation in the defined benefit
6 portion of this chapter (as determined under section 415 of the Internal Revenue
7 Code and the regulations thereunder), the defined benefit dollar limit shall be
8 multiplied by a fraction, the numerator of which is the number of years (or part
9 thereof) of participation under this subchapter and the denominator of which is
10 10. The adjustment in this subsection shall not apply to benefits paid on account
11 of Disability under section 12(f) or (g) of an Act (39 Stat. 718; D.C. Official Code
12 § 5-709 or § 5-710) or as a result of the death of a member under section 12(k) of
13 an Act (39 Stat. 718; D.C. Official Code § 5-716). In the case of years of credited
14 service credited to a member pursuant to section 12(c) of an Act (39 Stat. 718;
15 D.C. Official Code § 5-704):

16 (A) The limitation contained in subsection (c)(1)(A) of this section and
17 this subsection (b)(3) of this section shall not apply to the portion of the member's
18 accrued retirement benefit (determined as of the annuity commencement date)
19 that is attributable to any additional years of credited service under section 12(c)
20 of an Act (39 Stat. 718; D.C. Official Code § 5-704) that are actuarially funded
21 by:

22 (i) A transfer or rollover from the member's account under a

1 retirement plan qualified under section 401(a) of the Internal Revenue
2 Code or an eligible deferred compensation plan (within the meaning of
3 section 457(b) of the Internal Revenue Code) or from an individual
4 retirement account; or

5 (ii) A direct payment.

6 (B) The limitation contained in subsection (b)(1)(A) of this section and
7 this subsection (b)(3) shall apply to the portion of the member's accrued
8 retirement benefit (determined as of the annuity commencement date) that
9 is attributable to any additional years of credited service under section
10 12(c) of an Act (39 Stat. 718; D.C. Official Code § 5-704) that are not
11 actuarially funded by:

12 (i) A transfer or rollover from the member's account under a
13 retirement plan qualified under section 401(a) of the Internal Revenue
14 Code or an eligible deferred compensation plan (within the meaning of
15 section 457(b) of the Internal Revenue Code) or from an individual
16 retirement account; or

17 (ii) A direct payment.

18 (C) The determination of the extent to which additional years of credited
19 service under section 12(c) of an Act (39 Stat. 718; D.C. Official Code § 5-704) have been
20 actuarially funded as of the annuity commencement date shall be determined in accordance with
21 section 411(c) of the Internal Revenue Code (using the actuarial assumptions thereunder),
22 applied as if section 411(c) of the Internal Revenue Code applied and treating the amount

1 transferred from a plan qualified under section 401(a) of the Internal Revenue Code, the
2 member's account under an eligible deferred compensation plan (within the meaning of section
3 457(b) of the Internal Revenue Code), or an individual retirement account, or the amount of the
4 direct lump-sum payment to the Custodian of Retirement Funds, as if it were a mandatory
5 employee contribution.

6 (4) In addition to the foregoing, the maximum benefit and contributions shall be
7 reduced, and the rate of benefit accrual shall be frozen or reduced accordingly, to the extent
8 necessary to prevent disqualification under section 415 of the Internal Revenue Code, with
9 respect to any member who is also a participant in:

10 (A) Any other tax-qualified retirement plan maintained by the District of
11 Columbia, including a defined benefit plan in which an individual medical benefit account (as
12 described in section 415(l) of the Internal Revenue Code) has been established for the member;

13 (B) Any welfare plan maintained by the District of Columbia in which a
14 separate account (as described in section 419A(d) of the Internal Revenue Code) has been
15 established to provide post-retirement medical benefits for the member; and/or

16 (C) any retirement or welfare plan, as aforesaid, maintained by an
17 affiliated or predecessor employer, as described in regulations under section 415 of the Internal
18 Revenue Code, or otherwise required to be taken into account under such regulations.

19 (5) If a member has distributions commencing at more than one date (determined
20 in accordance with section 415 of the Internal Revenue Code and the regulations thereunder), the
21 annuity payable having such commencement date shall satisfy the limitations of this subsection
22 (b) of this section as of each such date, actuarially adjusting for past and future distributions of
23 benefits commencing at the other dates that benefits commence.

1 (6) The application of the provisions of this subsection(b) of this section shall not
2 cause the maximum permissible benefit for any member to be less than the member's
3 annuity under this subchapter as of the end of the last limitation year beginning before
4 July 1, 2007 under provisions of this chapter that were both adopted and in effect before
5 April 5, 2007 and that satisfied the limitations under section 415 of the Internal Revenue
6 Code as in effect as of the end of the last limitation year beginning before July 1, 2007.

7 (7) To the extent a member's benefit is subject to provisions of section 415 of the
8 Internal Revenue Code which have not been set forth in this subchapter, such provisions are
9 hereby incorporated by reference and for all purposes shall be deemed a part of this subchapter.

10 (8) As used in this section, the term:

11 (A) "Annual additions" mean the sum of the following items credited to
12 the member under this subchapter and any other tax-qualified retirement plan sponsored by the
13 District of Columbia for a limitation year and treated as a defined contribution plan for purposes
14 of section 415 of the Internal Revenue Code: District of Columbia contributions that are
15 separately allocated to the member's credit in any defined contribution plan; forfeitures; member
16 contributions; and amounts credited after March 31, 1984 to a member's individual medical
17 account (within the meaning of section 415(l) of the Internal Revenue Code).

18 (B) "Defined benefit dollar limit" means the dollar limit imposed by
19 section 415(b)(1)(A) of the Internal Revenue Code, as adjusted pursuant to section 415(d)
20 of the Internal Revenue Code. The defined benefit dollar limit as set forth above is the
21 monthly amount payable in the form of a straight life annuity, beginning no earlier than
22 age 62 (except as provided in subsection (b)(2)(B)(i) of this section) and no later than
23 age 65. In the case of a monthly amount payable in a form other than a straight life
24

1 annuity, or beginning before age 62 or after age 65, the adjustments in subsection (b)(2)
2 of this section shall apply.

3 (C) "Dollar Limit on annual additions" means the dollar limit on annual
4 additions imposed by section 415(c)(1)(A) of the Internal Revenue Code, as adjusted
5 pursuant to section 415(d) of the Internal Revenue Code.

6 (D) "Remuneration" means a member's wages as defined in section
7 3401(a) of the Internal Revenue Code and all other payments of salary to the member
8 from the District of Columbia for which the District of Columbia is required to furnish
9 the member a written statement under section 6041(d) of the Internal Revenue Code and
10 section 6051(a)(3) of the Internal Revenue Code. For this purpose:

11 (i) Remuneration shall be determined without regard to any rules
12 that limit
13 the remuneration included in wages based on the nature or location of the employment or the
14 services performed.

15 (ii) Remuneration shall include any amount which would otherwise
16 be
17 deemed Remuneration under this definition but for the fact that it is subject to a salary reduction
18 agreement under any plan described in section 457(b), 132(f) or 125 of the Internal Revenue
19 Code.

20 (iv) Remuneration with respect to any limitation year shall in no
21 event exceed the dollar limit specified in section 401(a)(17) of the Internal Revenue Code (as
22 adjusted from time to time by the Secretary of the Treasury). The cost of living adjustment in

1 effect for a calendar year applies to Remuneration for the limitation year that begins with or
2 within such calendar year.

3 (c) Notwithstanding any other provision to the contrary, all death benefits paid pursuant
4 to this section shall be distributed only in accordance with section 401(a)(9) of the Internal
5 Revenue Code (and accompanying Treasury regulations), as more fully set forth in section 12(n-
6 3) of an Act.”

7 (f) A new section 12(n-3) (D.C. Official Code § 5-723.03) is added to read as follows:

8 “Sec. 5-723.03. Required Minimum Distributions.

9 “Distributions shall begin no later than the member’s required beginning date (as defined
10 in section 401(a)(9) of the Internal Revenue Code) and shall be made in accordance with all
11 other requirements of section 401(a)(9) of the Internal Revenue Code. The provisions of this
12 section shall apply for purposes of determining minimum required distributions under section
13 401(a)(9) of the Internal Revenue Code and take precedence over any inconsistent provisions of
14 this subchapter, provided, however, that these provisions are intended solely to reflect the
15 requirements of section 401(a)(9) of the Internal Revenue Code (and accompanying Treasury
16 regulations) and are not intended to provide or expand (and shall not be construed as providing
17 or expanding) any benefit or distribution option not otherwise expressly provided for under the
18 terms of this subchapter. The provisions of this section shall apply only to the extent required
19 under section 401(a)(9) of the Internal Revenue Code as applied to a governmental plan and if
20 any special rules for governmental plans are not set forth herein, such special rules are hereby
21 incorporated by reference and shall for all purposes be deemed a part of this subchapter.

22 (a) Time and Manner of Distribution.

1 (1) The member's entire interest shall be distributed, or begin to be distributed, to
2 the member no later than April 1 following the later of:

3 (A) the calendar year in which the member attains age 70 ½; or

4 (B) The calendar year in which the member retires or terminates
5 employment (the "required beginning date").

6 (2) If the member dies before distributions begin, the member's entire interest
7 shall be distributed, or will begin to be distributed, no later than as follows:

8 (A) If the member's surviving spouse is the sole designated beneficiary,
9 then distributions to the surviving spouse shall begin by December 31 of the calendar year
10 immediately following the calendar year in which the member died, or by December 31 of the
11 calendar year in which the member would have attained age 70½, if later;

12 (B) If the member's surviving spouse is not the sole designated
13 beneficiary, then distributions to the designated beneficiary shall begin by December 31 of the
14 calendar year immediately following the calendar year in which the member died;

15 (C) If there is no designated beneficiary as of September 30 of the year
16 following the year of the member's death, the member's entire interest shall be distributed by
17 December 31 of the calendar year containing the fifth anniversary of the member's death;

18 (D) If the member's surviving spouse is the sole designated beneficiary
19 and the surviving spouse dies after the member but before distributions to the surviving spouse
20 begin, subsection (a)(2)(A) of this section shall not apply and subsections (a)(2)(B) and (C) of
21 this section shall apply as if the surviving spouse were the member.

22 For the purposes of subsection (a)(2) and (c) of this section , distributions are considered to
23 begin on the member's required beginning date (or, if subsection (a)(2)(D) of this section applies,

1 the date distributions to the surviving spouse are required to begin under subsection (a)(2)(A) of
2 this section). If annuity payments to the member irrevocably commence before the member's
3 required beginning date (or to the member's surviving spouse before the date distributions to the
4 surviving spouse are required to begin under subsection (a)(2)(A) of this section), the date
5 distributions are considered to begin is the date distributions actually commence.

6 (3) Unless the member's interest is distributed in the form of an annuity purchased
7 from an insurance company or in a single sum on or before the required beginning date, as of the
8 first distribution, calendar year distributions will be made in accordance with subsection (b) and
9 (c) of this section. If the member's interest is distributed in the form of an annuity purchased
10 from an insurance company, distributions thereunder will be made in accordance with the
11 requirements of section 401(a)(9) of the Internal Revenue Code and applicable Treasury
12 regulations. Any part of the member's interest which is in the form of an individual account
13 described in section 414(k) of the Internal Revenue Code will be distributed in a manner
14 satisfying the requirements of section 401(a)(9) of the Internal Revenue Code and the Treasury
15 regulations that apply to individual accounts.

16 (b) The amount of the annuity is to be determined each year.

17 (1) If the member's interest is paid in the form of annuity distributions,
18 payments under the annuity shall satisfy the following requirements:

19 (A) The annuity distributions will be paid in periodic payments
20 made at intervals not longer than one year;

21 (B) Payments will either be non-increasing or increase only as
22 follows:

23 (i) By an annual percentage increase that does not

1 exceed the annual percentage increase in a cost-of-living index based on prices of all items (the
2 CPI-W) and issued by the Bureau of Labor Statistics;

3 (ii) To provide cash refunds of employee
4 contributions upon the teacher's death;

5 (iii) Pay increased benefits that result from an
6 amendment to this subchapter.

7 (2) The amount that must be distributed on or before the member's
8 required beginning date (or, if the member dies before distributions begin, the date distributions
9 are required to begin under subsection (a)(2)(A) or (B) of this section) is the payment that is
10 required for one payment interval. The second payment need not be made until the end of the
11 next payment interval even if that payment interval ends in the next calendar year. Payment
12 intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-
13 annually, or annually. All of the member's benefit accruals as of the last day of the first
14 distribution calendar year will be included in the calculation of the amount of the annuity
15 payments for payment intervals ending on or after the member's required beginning date.

16 (3) Any additional benefits accruing to the
17 member in a calendar year after the first distribution calendar year will be distributed beginning
18 with the first payment interval ending in the calendar year immediately following the calendar
19 year in which such amount accrues.

20 (c) Amounts payable if a member dies before distribution begins are subject to the
21 following requirements:

22 (1) If the member dies before the date of distribution of his or her interest
23 begins and there is a designated beneficiary, the member's entire interest will be distributed,

1 beginning no later than the time described in subsection (a)(2)(A) or (B) of this section, over the
2 life of the

3 designated beneficiary not exceeding either of the following:

4 (A) Unless the benefit commenced is before the first distribution
5 calendar year, the life expectancy of the designated beneficiary, determined using the
6 beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the
7 calendar year of the teacher's death; or

8 (B) If the benefit commenced before the first distribution
9 calendar year, the life expectancy of the designated beneficiary, determined using the
10 beneficiary's age as of his or her birthday in the calendar year that begins before benefits
11 commence; or

12 (2) If the member dies before the date distributions begin and there is no
13 designated beneficiary as of September 30 of the year following the year of the member's death,
14 distribution of the member's entire interest will be completed by December 31 of the calendar
15 year containing the fifth anniversary of the member's death; or

16 (3) If the member dies before the date distribution of his or her interest
17 begins, the member's surviving spouse is the member's sole designated beneficiary, and the
18 surviving spouse dies before distributions to the surviving spouse begin, this subsection (c) of
19 this section will apply as if the surviving spouse were the member, except that the time by which
20 distributions must begin will be determined without regard to subsection (a)(2)(A) of this
21 section."

22 (g) A new section _12(n-4)_ (D.C. Official Code § 5-723.04) is added to read as follows:

23 "Sec. 5-723.04. Disposition of Forfeitures.

1 Forfeitures in the District of Columbia Police Officers and Fire Fighters' Retirement Fund
2 shall not be applied to increase the annuity of any person hereunder, but rather, shall be applied
3 to pay administrative expenses, if and as directed by the District of Columbia Retirement Board,
4 and/or used to reduce the District's contributions."

5 (h) A new section 12(n-5)___ (D.C. Official Code § 5-723.05) is added to read as follows:

6 "Sec. 5-723.05. Funds Not Assignable or subject to Execution.

7 Except as provided in the District of Columbia Spouse Equity Act of 1988, none of the money
8 mentioned in this part (including any assets of the District of Columbia Police Officers and Fire
9 Fighters' Retirement Fund) shall be assignable, either in law or equity, or be subject to execution
10 of levy by attachment, garnishment, or other legal process except with respect to a domestic
11 relations order that substantially meets all of the requirements of section 414(p) of the Internal
12 Revenue Code as determined solely by the District of Columbia Retirement Board."

13 Sec. 3. Fiscal impact statement.

14 The Council adopts the fiscal impact statement in the committee report as the fiscal
15 impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act,
16 approved December 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(3)).

17 Sec. 4. Effective date.

18 This act shall take effect following approval by the Mayor (or in the event of veto by the
19 Mayor, action by the Council to override the veto), a 30-day period of Congressional review as
20 provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December
21 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of
22 Columbia Register.